

The complaint

Mr T complains that Barclays Bank UK PLC (“Barclays”) didn’t treat him with forbearance in relation to his loan account; and it defaulted his loan account causing a negative impact to his credit file.

What happened

In or around August 2023, Mr T got into difficulties repaying his loan. He didn’t make some of the contractual repayments and so Barclays defaulted his loan account in December 2023.

Mr T has set out his complaint as follows:

- *A default was applied despite my direct and proactive attempts to seek help before I received any formal notice.*
- *I was explicitly told a 3-month hold was placed on my account, which conflicted with the earlier issuance of a default notice I had not received.*
- *Barclays failed to provide adequate forbearance or clear communication, which ultimately resulted in the unjust default and rejection for a more competitive mortgage in November 2024.*
- *Their refusal to remove the default on my credit file and bring the account back in-house is causing me ongoing financial and reputational harm, including the rejection of more competitive mortgage terms in November 2024, refusal of additional borrowing, and continued distress due to third-party involvement.*

Barclays responded to Mr T’s complaint, but it didn’t uphold his concerns. It explained that it wasn’t wrong for it to have passed Mr T’s account to a Debt Collection Agency (DCA); and while it had previously agreed to bring the account back from a DCA, it wouldn’t do this again. It explained how it had tried to support Mr T following an income and expenditure (I&E) assessment. And it didn’t think it had acted unfairly in defaulting Mr T’s account.

An Investigator considered the information provided by both parties, but they didn’t uphold Mr T’s complaint. Ultimately, they felt that Barclays had fairly defaulted the account, and they explained how they came to this finding.

Mr T didn’t agree with the Investigator’s view, and I have summarised his main points below:

- The view was wrong to say that he didn’t contact Barclays until February 2024 – he says he contacted Barclays in January 2024.
- The view is wrong to say that a hold wasn’t agreed – a hold was agreed on a call in November 2023. Barclays breached their own hold agreement three days after applying the hold by sending him a default notice.
- Barclays told him during a call in November 2023, that his account had already defaulted which wasn’t accurate as a default notice wasn’t sent to him until December 2023.

- The view relies on the Information Commissioner's Office (ICO) guidance instead of Barclays' own policies.

Because an agreement couldn't be reached, the complaint has been passed to me to decide on the matter.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having considered all of the evidence available, I don't uphold Mr T's complaint.

I think it's important to firstly explain I've read and taken into account all of the information provided by both parties, in reaching my decision. I say this as I'm aware I've summarised Mr T's complaint in considerably less detail than he has. If I've not reflected something that's been said, it's not because I didn't see it, it's because I didn't deem it relevant to the crux of the complaint. This isn't intended as a discourtesy to either party, but merely to reflect my informal role in deciding what a fair and reasonable outcome is. This also means I don't think it's necessary to get an answer, or provide my own answer, to every question raised unless I think it's relevant to the crux of the complaint.

Mr T says that Barclays didn't offer him forbearance when he let it know he was in financial difficulty. I can see from the notes provided by Barclays that Mr T first got in touch with it in August 2023. Before Barclays could reasonably help Mr T, it needed a better understanding of his financial circumstances and so it asked him to complete an I&E. Barclays didn't hear from Mr T after this until November 2023.

In November 2023, Mr T spoke to Barclays again and completed an I&E on the call. I haven't listened to the call recording, but I do have a copy of the call transcript. From the transcript, I can see that after the I&E, it was determined that Mr T didn't have any disposable income to make repayments to his loan – and so Barclays couldn't set up a payment plan for him. I think this was reasonable in the circumstances. I wouldn't have expected Barclays to have agreed on a repayment arrangement when the information it had was clear that Mr T couldn't afford to keep to the arrangement. I can see that the agent explained to Mr T that it would set up an informal arrangement for him – which would stop Barclays calling him and stop interest and charges being added to the account. Given the overall picture of the position of Mr T's loan account and his financial situation, I think Barclays did treat Mr T with forbearance.

I note that Mr T says that Barclays breached the 'hold' agreement he had with it, when it said it wouldn't contact him while a hold was on his account. From what I've seen, the 'hold' Mr T refers to is the informal arrangement Barclays placed on his account in November 2023. Based on what I've seen, Barclays explained during the call that it wouldn't phone him while a hold was placed on the account. The follow up letter from the call dated 29 November 2023, states that it would still send him a default notice if four repayments had been missed. Therefore, I don't agree Barclays told Mr T it wouldn't contact him at all.

Moving to the default then; the call transcript confirms that Mr T had missed three repayments, and as Mr T hadn't made the repayment due that that day, that would be four missed payments. It explained that this would mean a default notice would likely go out the following day. I know Mr T says he was told that his account had already defaulted during this call, but I haven't seen any evidence to suggest that he was told this. The agent appears to say on a number of occasions that due to the number of missed payments, Mr T's account

would default, and a default notice would be sent to him the following day. It also appears to have been explained to Mr T that the default notice would provide him with 28 days to bring the account back up to date.

The ICO provides guidance on when an account should default – which should be when it is at least three months in arrears and by the latest when it is in six months of arrears. I think it is reasonable for me to rely on this guidance when determining if Barclays has fairly defaulted the account. I don't think it is in dispute here that Mr T has missed four repayments by the time Barclays sent him the default notice. Therefore, I'm satisfied that Barclays acted in line with the ICO's guidance when defaulting the account. I note that Mr T has said that the ICO's guidance shouldn't be used over what Barclays had told him in a letter dated 29 November 2023. I've looked at a copy of this letter, and I can see that it states that once Mr T had missed a total of four repayments, it would send him a default notice. But by this point, Mr T had missed four repayments, which is why a default notice was sent to him on 1 December 2023. So, I think the letter Barclays sent to Mr T was inline with the ICO's guidance. And it took the action it said it would in the letter.

Mr T said he didn't receive the default notice. But he's also provided a copy of it too. So I'm not sure if he has since been provided with the default notice, or if he did in fact receive it at the time. But either way, I'm satisfied that even if Mr T didn't get the default notice, he was aware that his account would default – as this had been made clear to him in the call from November 2023. And given that no repayments were made in December 2023 to bring the account back up to date, the account defaulted. Which isn't unreasonable.

Like I said, I don't know if Mr T did get the default notice or not – it is correctly addressed, and so I see no reason why it shouldn't have been received by him. Even if I accept that Mr T didn't get the notice, this doesn't change my view on the default being applied. I say this because the default notice required Mr T to either pay the arrears of £1,737.66; or set up a repayment plan to pay the arrears. Given that Mr T's I&E showed that he was in quite a significant deficit each month; I don't find it likely that Mr T was in a financial position to do either of these things, and so the account would have defaulted regardless.

I note that Mr T says he spoke to Barclays in January 2024; as well as February 2024. I accept what Mr T is saying here about speaking to Barclays in January 2024; but his account had already defaulted by this point. So, whatever happened during that call wouldn't have prevented the default nor would it have got the default removed. This isn't unfair or unreasonable.

Barclays is required to report accurate information to the Credit Reference Agencies ("CRAs"). And I'm satisfied that in the circumstances of this case, it was fair, reasonable and, importantly, accurate for Barclays to have defaulted the account and reported this to the CRAs.

I note that Mr T has also raised concerns to Barclays about it passing over the management of his account to a DCA. Barclays are entitled to ask a DCA to manage his account; it is also entitled to sell the account on to a third-party debt purchaser. In the circumstances of what's happened in this case, I don't find it unreasonable that Barclays has asked for a DCA to manage Mr T's account.

The result of all of this is that I don't uphold Mr T's complaint, and so I won't be asking Barclays to do anything more for him.

My final decision

For the reasons set out above, I don't uphold Mr T's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 19 March 2026.

Sophie Wilkinson
Ombudsman